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OGC Has Reviewed

27 October 1952

MEMORANDUM FOR THE FILES

SUBJECT: Meeting with Director Internal Revenue, Baltimore, 23 October.

1. In a personal discussion with the Director today, I obtained the following information:

(a) He would be able to waive penalties upon our explanation of the delay in filing and treating this as reasonable cause he would note upon the face of the return that penalties had been waived and that further inquiry would be referred to him.

(b) If a foreign address appeared on the face of the return, it would be used in the event that the taxpayer was billed for any interest, and would probably be reflected in the mailing list for the succeeding year. (In cases of non-government cover, this would of course probably not be acceptable.)

(c) Returns filed in the Baltimore office with addresses of taxpayers outside the District are not forwarded to other Directors unless the taxpayer so requests.

(d) Where a collection account is set up for interest, if it is not paid, there is generally no follow-up action after the initial notice.

(e) Although a taxpayer who has previously filed within a District is placed on the mailing list and will receive a copy of a return for the subsequent year, the Directors have insufficient personnel to follow up in the event no return is filed, and the absence of a return within that District for the succeeding year would not, therefore, arouse suspicion.

(f) While there is a requirement for information returns to be filed by the payor for amounts in excess of \$600.00 for any taxable year, the failure to comply with this would come to the attention of the Bureau only in special cases.

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(g) Where the return is filed late but the interest is computed up to the date of payment, the Director can audit the return at his desk and there will be no collection account set up. This is, of course, the only really secure fashion in which to handle such cases.

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Office of General Counsel

OGC/CWP:mkm

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